CHAPTER 268

HEALTH AND ENVIRONMENT

SENATE BILL 14-187

BY SENATOR(S) Aguilar and Roberts, Guzman, Heath, Johnston, Jones, Kefalas, Kerr, Newell, Nicholson, Schwartz, Steadman, Tochtrop, Todd, Ulibarri, Carroll;

also REPRESENTATIVE(S) Stephens and Schafer, Becker, Buckner, Exum, Ginal, Hamner, Hullinghorst, Kraft-Tharp, Labuda, Lee, McCann, Melton, Moreno, Pettersen, Primavera, Rosenthal, Tyler, Young.

AN ACT

CONCERNING CREATION OF THE COLORADO COMMISSION ON AFFORDABLE HEALTH CARE TO ANALYZE HEALTH CARE COSTS IN COLORADO, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, **add** article 46 to title 25 as follows:

ARTICLE 46 Colorado Commission on Affordable Health Care

- **25-46-101.** Legislative declaration. (1) The General assembly finds and declares that:
- (a) Ensuring access to quality affordable health care is of paramount concern to the citizens of Colorado;
- (b) Improving the affordability of health care involves a comprehensive examination of and recommendations regarding the major and fundamental drivers of health care costs;
- (c) Current commitments of the department of health care policy and financing require the expenditure of a significant percentage of the annual state budget on health care;
- (d) Increased costs of health care will require that an even greater percentage of the state budget be dedicated to health care costs,

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

CONSTRAINING THE PRIVATE SECTOR BY RESTRICTING AVAILABLE DOLLARS FOR INFRASTRUCTURE IMPROVEMENT AND EXPANSION AND HAMPERING COLORADO'S ECONOMIC COMPETITIVENESS;

- (e) Factors that may contribute to escalating health care costs include:
 - (I) PAYMENTS THAT REWARD VOLUME OF SERVICES RATHER THAN OUTCOMES;
- (II) REGULATIONS THAT IMPAIR RATHER THAN PROMOTE CREATIVE, LOCALLY DEVELOPED SOLUTIONS TO CONTROLLING HEALTH CARE COSTS;
 - (III) LACK OF TRANSPARENT INFORMATION ABOUT PRICES;
 - (IV) Type, quality, and distribution of providers;
 - (V) HIGH AND REDUNDANT ADMINISTRATIVE COSTS;
 - (VI) POOR QUALITY OF CARE;
 - (VII) INEFFICIENT DELIVERY OF CARE;
 - (VIII) PATIENT NONCOMPLIANCE;
 - (IX) Lifestyle;
 - (X) POPULATION DEMOGRAPHICS;
- (XI) LACK OF COMPETITION OR SUPPRESSED COMPETITION DUE TO GOVERNMENT REGULATIONS;
- (XII) COST IMPLICATIONS OF ESSENTIAL HEALTH BENEFITS REQUIREMENTS IMPOSED BY FEDERAL LAW AND REGULATIONS;
 - (XIII) Fraud, waste, and abuse; and
 - (XIV) MISSED PREVENTION OPPORTUNITIES;
- (f) Private sector initiatives that control health care costs and improve quality of care should be encouraged and promoted;
- (g) Private sector initiatives already exist to analyze costs and improve quality of health care in Colorado, but they lack the visibility and emphasis that a legislative charge will provide;
- (h) It is in the best interests of the public that the general assembly require a comprehensive, evidence-based analysis of the major cost drivers in health care and the effectiveness of strategies for controlling expenditures, including:
 - (I) PREVENTION PROGRAMS;

- (II) Access to health care providers;
- (III) NEW APPROACHES TO DELIVERING AND PAYING FOR HEALTH CARE;
- (IV) THE REDUCTION OF UNNECESSARY OR REDUNDANT REGULATIONS;
- (V) THE EFFECTIVENESS OF INSURANCE LAWS; AND
- (VI) OTHER POLICIES AND MARKET INITIATIVES TO MAKE HEALTH CARE MORE AFFORDABLE WHILE IMPROVING PATIENT CARE; AND
- (i) Therefore, the general assembly is enacting this article to form a commission of experts in health care administration, financing, delivery and consumption, and other pertinent disciplines to engage in analysis of health care costs in this state and make recommendations for action to the governor, the senate committee on health and human services or its successor committee, and the house of representatives committee on health, insurance, and environment and public health care and human services or their successor committees.

25-46-102. Definitions. As used in this article:

- (1) "Commission" means the Colorado commission on affordable health care established under section 25-46-103.
- (2) "Fund" means the Colorado commission on affordable health care cash fund created in section 25-46-105.
- (3) "HIPAA" MEANS THE FEDERAL "HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996", Pub. L. 104-191, as amended.
- (4) "HIPAA COVERED ENTITY" MEANS AN ENTITY DEFINED AS A "COVERED ENTITY" UNDER HIPAA.
- (5) "HITECH ACT" MEANS THE FEDERAL "HEALTH INFORMATION TECHNOLOGY FOR ECONOMIC AND CLINICAL HEALTH ACT", Pub. L. 111-5, as amended.
- (6) "Medicaid program" means the program established under the "Colorado Medical Assistance Act", articles 4 to 6 of title 25.5, C.R.S.
- **25-46-103.** Colorado commission on affordable health care creation membership operation. (1) There is hereby created the Colorado commission on affordable health care, which has the powers and duties specified in this article.
 - (2) (a) THE COMMISSION CONSISTS OF:
 - (I) TWELVE VOTING MEMBERS AS FOLLOWS:
- (A) One person representing hospitals, recommended by a statewide association of hospitals;

- (B) Two health care providers who are not employed by a hospital, only one of whom is a physician. The physician must be recommended by a statewide society or association whose membership includes at least one-third of the doctors of medicine or osteopathy licensed in the state.
- (C) Two representatives from organizations representing consumers, at least one of whom understands consumers with chronic medical conditions;
- (D) ONE INDIVIDUAL REPRESENTING SMALL COLORADO BUSINESSES AND ONE INDIVIDUAL REPRESENTING SELF-INSURED LARGE COLORADO BUSINESSES, NEITHER OF WHOM IS OR REPRESENTS A CARRIER, HEALTH CARE PROVIDER, OR HEALTH CARE FACILITY AND ONE OF WHOM HAS DEMONSTRATED SUCCESS INNOVATING MARKET-ORIENTED SOLUTIONS TO CONTROL HEALTH CARE COSTS AND IMPROVE OUALITY OF CARE;
 - (E) ONE HEALTH CARE ECONOMIST;
 - (F) ONE REPRESENTATIVE OF CARRIERS OFFERING HEALTH PLANS IN THIS STATE;
 - (G) ONE REPRESENTATIVE OF LICENSED HEALTH INSURANCE PRODUCERS;
 - (H) ONE PERSON WITH EXPERTISE IN HEALTH CARE PAYMENT AND DELIVERY; AND
- (I) One person with expertise in public health and the provision of health care to populations with low incomes and significant health care needs; and
 - (II) FIVE NONVOTING, EX OFFICIO MEMBERS AS FOLLOWS:
 - (A) THE COMMISSIONER OF INSURANCE;
- (B) The executive directors of the departments of public health and environment, human services, and health care policy and financing or their designees; and
- (C) A REPRESENTATIVE OF THE ALL-PAYER HEALTH CLAIMS DATABASE ESTABLISHED UNDER SECTION 25.5-1-204, C.R.S.
- (b) (I) The governor shall appoint four of the voting members described in Subparagraph (I) of paragraph (a) of this Subsection (2) to the commission. The president and minority leader of the senate and the speaker and minority leader of the house of representatives each shall appoint two of the voting members described in Subparagraph (I) of paragraph (a) of this Subsection (2) to the commission, none of whom may be current members of the General assembly. The governor shall coordinate appointments with the president, speaker, and minority leaders to ensure:
- (A) Representation as specified in subparagraph (I) of paragraph (a) of this subsection (2);

- (B) AT LEAST ONE APPOINTMENT FROM A RURAL REGION OF THE STATE; AND
- (C) REPRESENTATION FROM AT LEAST THREE DIFFERENT CONGRESSIONAL DISTRICTS IN THE STATE.
- (II) NOT MORE THAN SIX OF THE TWELVE VOTING MEMBERS MAY BE FROM THE SAME POLITICAL PARTY, AND THE APPOINTING AUTHORITIES SHALL ENSURE THAT THE STATE'S TWO MAJOR POLITICAL PARTIES HAVE AN EQUAL NUMBER OF MEMBERS ON THE COMMISSION.
- (c) The appointing authorities shall name the initial members to the commission by July 7, 2014. Members of the commission may be removed by their respective appointing authorities for cause. If a vacancy occurs on the commission, the appointing authority for the member whose position is vacated shall appoint a member to fill the vacant position.
- (d) The commission shall select a chair and vice-chair of the commission from its membership.
- (3) Members of the commission serve without compensation but may be reimbursed for their actual and necessary travel expenses incurred in the performance of their official duties.
- (4) THE COMMISSION MAY ESTABLISH BYLAWS AS APPROPRIATE FOR ITS EFFECTIVE OPERATION.
- (5) THE CHAIR OF THE COMMISSION SHALL ESTABLISH A SCHEDULE FOR COMMISSION MEETINGS. THE COMMISSION SHALL MEET AT LEAST ONCE A MONTH ON AVERAGE.
- (6) Members of the commission, staff, and consultants are not liable for an act or omission in their official capacity performed in good faith in accordance with this article.
- (7) (a) The commission is exempt from the "Procurement Code", articles 101 to 112 of title 24, C.R.S.
- (b) (I) Except as provided in subparagraph (II) of this paragraph (b), the commission is subject to the open meetings law, part 4 of article 6 of title 24, C.R.S., and the "Colorado Open Records Act", part 2 of article 72 of title 24, C.R.S.
- (II) MEMBERS OF THE COMMISSION MAY CONVENE IN GROUPS OF NO MORE THAN FIVE MEMBERS FOR THE FOLLOWING PURPOSES WITHOUT COMPLYING WITH THE OPEN MEETINGS LAW AS LONG AS NO FORMAL ACTION IS TAKEN AT THE MEETING:
 - (A) TO GATHER AND UNDERSTAND DATA; OR
 - (B) TO ORGANIZE AND PLAN FOR THE BUSINESS OF THE COMMISSION.
 - 25-46-104. Duties of commission mission staffing report. (1) The mission

OF THE COMMISSION IS TO ENSURE THAT COLORADANS HAVE ACCESS TO AFFORDABLE HEALTH CARE IN COLORADO. THE COMMISSION SHALL FOCUS ITS RECOMMENDATIONS ON EVIDENCE-BASED COST CONTROL, ACCESS, AND QUALITY IMPROVEMENT INITIATIVES AND THE COST-EFFECTIVE EXPENDITURE OF LIMITED STATE MONEYS TO IMPROVE THE HEALTH OF THE STATE'S POPULATION.

- (2) THE COMMISSION HAS THE FOLLOWING POWERS AND DUTIES:
- (a) To identify, examine, and report on the principal health care cost drivers for Colorado businesses and their employees, individuals who purchase their own health insurance, Colorado's medicaid program, and the uninsured based on data-driven, evidence-based analyses;
- (b) To conduct empirical analysis of and collect data on evidence-based initiatives designed to reduce health care costs while maintaining or improving access to and quality of care;
- (c) To analyze the impact of increased availability of information on health care pricing, cost, and quality on provider, payer, purchaser, and consumer behavior;
- (d) To review, analyze, and seek public input on state regulations impacting delivery and payment system innovations;
- (e) To analyze the impact that out-of-pocket costs and high deductible health plans have on patient spending, uncompensated care, outcomes, and access to care;
- (f) To examine access to care and its impact on health care costs, including the adequacy, composition, and distribution of Colorado's health care workforce;
- (g) To review reports and studies for potential implementation, including reports, studies, work, and resources compiled by Colorado organizations, out-of-state organizations, the former blue ribbon commission for health care reform established pursuant to Senate Bill 06-208, enacted in 2006, the accountable care collaborative program in the department of health care policy and financing, the Colorado foundation for medical care or its successor entity, and Colorado's state health innovation plan developed through the state innovation model project;
- (h) To report on the outcomes of the implementation of recommendations of the former blue ribbon commission for health care reform established pursuant to Senate Bill 06-208, enacted in 2006, and the impact of implementation of the recommendations on health care costs, access to care, and quality of care;
- (i) TO COLLECT DATA, INCLUDING RATE REVIEW PROCESS DATA, FROM THE DIVISION OF INSURANCE AND PAYMENT INFORMATION FROM THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING, FOR WHICH THE COMMISSION SHALL PAY THE

DIVISION'S AND DEPARTMENT'S DATA GATHERING COSTS IF THE DATA ARE NOT ALREADY AVAILABLE IN AN ACCESSIBLE FORMAT;

- (j) To review the impact of medicaid expansion on health care costs, access to care, and commercial insurance;
- (k) TO EVALUATE THE IMPACT OF A GLOBAL MEDICAID WAIVER ON HEALTH CARE COSTS, ACCESS TO CARE, AND QUALITY OF CARE;
- (l) To review the following, as publicly available and subject to payment of costs for gathering information as necessary:
 - (I) PRICING TRANSPARENCY;
- (II) ADEQUACY, COMPOSITION, AND DISTRIBUTION OF PHYSICIAN AND HEALTH CARE NETWORKS:
 - (III) Drug formularies:
 - (IV) Coinsurance, copayments, and deductibles; and
 - (V) HEALTH PLAN AVAILABILITY;
- (m) To work with other Colorado Boards, task forces, commissions, or other entities or organizations that study or address health care costs, access, and quality to ensure that the commission's efforts are fully integrated and coordinated with ongoing cost containment and payment reform efforts;
- (n) To enter into business associate agreements with HIPAA covered entities;
- (0) TO MAKE RECOMMENDATIONS ABOUT OTHER PUBLIC OR PRIVATE ENTITIES THAT SHOULD CONTINUE TO STUDY HEALTH CARE COST DRIVERS IN COLORADO;
- (p) To make recommendations to the Colorado congressional delegation about changes in federal law that may be needed to make health care affordable in Colorado;
- (q) Any other authority necessary to perform its administrative duties; and
 - (r) Any other duties necessary to fulfill its mission.
- (3) RECOMMENDATIONS OF THE COMMISSION FOR PRIVATE SECTOR ACTIONS, MARKET-BASED INITIATIVES, AND POLICY INTERVENTIONS THAT CAN CONTROL COSTS WHILE MAINTAINING ACCESS TO AND QUALITY OF HEALTH CARE MUST BE CENTERED ON EVIDENCE-BASED ANALYSIS AND DATA. THE COMMISSION SHALL PRIORITIZE AREAS FOR ACTION BASED ON THE POTENTIAL IMPACT ON HEALTH CARE COSTS, ACCESS, AND QUALITY.

- (4) (a) The commission shall create advisory committees that focus on specific subject matters and make recommendations to the full commission. The chair of the commission shall appoint members of the commission to serve on advisory committees and shall appoint a commission member as chair of each advisory committee formed pursuant to this subsection (4).
- (b) The chair of an advisory committee shall select interested members of the community who are not members of the commission to serve on the advisory committee he or she chairs. When appointing noncommission members to an advisory committee, the chair of the advisory committee shall ensure representation from broad and diverse interests. Noncommission members of an advisory committee serve without compensation or reimbursement of expenses.
- (5) THE COMMISSION MAY RESPOND TO INQUIRIES REFERRED BY MEMBERS OF THE GENERAL ASSEMBLY, THE GOVERNOR, BUSINESSES, OR CONSUMERS, AS RESOURCES ALLOW.
- (6) (a) The commission may hire staff to facilitate its work, including an administrator and other staff as necessary to collect evidence-based research, analysis, and modeling to inform the commission about cost drivers and cost containment approaches.
 - (b) As funds allow, the commission may also contract with:
- (I) Nonpartisan, independent contractors to provide resources for data collection, research, analysis, and publication of the commission's findings and reports; and
- (II) HEALTH CARE COST EXPERTS WITH DEMONSTRATED EXPERIENCE CONTROLLING HEALTH CARE COSTS THROUGH MARKET-ORIENTED APPROACHES TO ADVISE THE COMMISSION.
- (c) The administrator of the all-payer health claims database established under section 25.5-1-204, C.R.S., shall make claims data available to the commission in accordance with applicable state and federal laws, which data may include custom reports, de-identified and limited data sets, and other data the commission may require. The commission may provide the data from the all-payer health claims database to the commission's staff and third-party independent contractors to enable them to perform analyses to support the commission in performing its duties. Release and subsequent use of data from the all-payer health claims database, as well as any other personal health information the commission obtains, and analyses of that data must be conducted:
- (I) IN COMPLIANCE WITH HIPAA, THE HITECH ACT, AND ANTITRUST COMPLIANCE CRITERIA DEVELOPED AND INTERPRETED JOINTLY BY THE UNITED STATES DEPARTMENT OF JUSTICE AND THE FEDERAL TRADE COMMISSION; AND

- (II) Under the terms of a HIPAA-compliant data use agreement.
- (7) IN ADDITION TO ITS REGULAR MEETINGS, THE COMMISSION SHALL HOLD PUBLIC HEARINGS TO SOLICIT INPUT ON HEALTH COST DRIVERS AND WAYS TO CONTROL HEALTH CARE COSTS. THE COMMISSION SHALL ACCEPT WRITTEN AND ORAL TESTIMONY AND SHALL CONDUCT AT LEAST ONE PUBLIC HEARING IN EACH CONGRESSIONAL DISTRICT IN THE STATE.
- (8) (a) By November 15, 2015, and by November 15, 2016, the commission shall prepare and submit an annual report on its findings and recommendations, each of which findings and recommendations may be included in the report only if approved by at least two-thirds of the voting members of the commission, to the governor, the health and human services committee of the senate or its successor committee, and the health, insurance, and environment and the public health care and human services committees of the house of representatives or their successor committees. The legislative committees shall consider the commission's recommendations for legislation, and the governor shall consider the commission shall present its report to the legislative committees during the committees' hearings held under the "State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act", part 2 of article 7 of title 2, C.R.S.
- (b) With regard to any legislative recommendations contained in its report, the commission shall specify the laws that need to be created, amended, or repealed to ensure that health care remains affordable and accessible in Colorado. The commission shall only submit to the general assembly legislative recommendations that received approval of at least two-thirds of the voting members of the commission.
- (c) The commission shall submit a final report to the governor and the committees specified in paragraph (a) of this subsection (8) by June 30, 2017, detailing the work of the commission and the final outcome of its efforts.
- (9) Nothing in this section, nor in any recommendations of the commission, alters the department of health care policy and financing's final policy decision-making authority, pursuant to federal regulations, for the medicaid program and the children's basic health plan established under the "Children's Basic Health Plan Act", article 8 of title 25.5, C.R.S.
- **25-46-105.** Colorado commission on affordable health care cash fund creation funding sources use of fund. (1) (a) There is hereby created the Colorado commission on affordable health care cash fund. The fund consists of moneys appropriated by the general assembly to the fund and any gifts, grants, or donations from private or public sources made to the commission for the purposes of this article.
 - (b) Moneys in the fund are continuously appropriated to the

COMMISSION FOR THE PURPOSES OF THIS ARTICLE. THE STATE TREASURER SHALL CREDIT TO THE FUND ALL INTEREST AND INCOME DERIVED FROM THE INVESTMENT AND DEPOSIT OF MONEYS IN THE FUND. ANY UNEXPENDED AND UNENCUMBERED MONEYS REMAINING IN THE FUND AT THE END OF ANY FISCAL YEAR REMAIN IN THE FUND AND MUST NOT BE CREDITED OR TRANSFERRED TO THE GENERAL FUND OR ANY OTHER FUND.

- (c) The commission may solicit and accept gifts, grants, or donations, including in-kind donations, from any source for the purposes of this article.
- (d) For the 2014-15 fiscal year, the general assembly shall appropriate four hundred thousand dollars to the fund.
- (2) THE COMMISSION MAY USE MONEYS IN THE FUND FOR THE IMPLEMENTATION OF THIS ARTICLE AND IN FURTHERANCE OF THE COMMISSION'S MISSION, INCLUDING:
 - (a) To compensate the commission's staff and independent contractors;
- (b) TO PAY THE COSTS OF OBTAINING DATA AND ANALYSES FROM ORGANIZATIONS AND ENTITIES, INCLUDING THE ALL-PAYER HEALTH CLAIMS DATABASE; AND
- (c) PAYING THE COMMISSION MEMBERS' NECESSARY EXPENSES IN PERFORMING THEIR DUTIES.
- **25-46-106.** Repeal. This article is repealed, effective July 1, 2017, unless the general assembly, acting by bill, extends the article beyond that date.
- **SECTION 2. Appropriation.** In addition to any other appropriation, for the fiscal year beginning July 1, 2014, there is hereby appropriated, out of any moneys in the general fund not otherwise appropriated, to the department of public health and environment, for allocation to the Colorado commission on affordable health care cash fund created in section 25-46-105, Colorado Revised Statutes, the sum of \$400,000, to be used for purposes consistent with the creation of the fund.
- **SECTION 3. Safety clause.** The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: May 29, 2014